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CENTRAL INTELLIGENCE BULLETIN

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7 July 1965

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*Dominican Republic: (Information as of 4:30 AM EDT) The situation remains explosive despite the restraints imposed by the OAS presence.

Fairly heavy firing erupted late last night along a wide segment of the line separating rebel territory from the area controlled by the Inter-American Peace Force. There is as yet no information as to what may have stimulated the new outbreak.

There are new reports of friction among factions in the rebel camp as hard-line extremists seek to sabotage the efforts of the more moderate elements to collaborate with the OAS in reaching a negotiated solution. [Violent arguments have been reported between extremist leaders and Colonel Caamano, head of the rebel government.]

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On the loyalist side, frustrations are mounting over the continuation of the political impasse and over the OAS-imposed restraints against loyalist action to force a military solution. On Monday, loyalist forces carried out a coordinated show of force at various points around rebel territory. It seems to have been designed to intimidate the rebels, but could have elicited a rebel response useful as a pretext for more drastic loyalist action.

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Peru: Guerrilla successes have impelled the government to step up its counterinsurgency effort.

The Belaunde government became seriously concerned following the decimation of a police patrol in east-central Peru on 28 June by guerrillas of the pro-Cuban Movement of the Revolutionary Left (MIR) and two terrorist bombings in Lima on 4 July. Constitutional guarantees have been suspended for 30 days, and the police have begun a general roundup of prominent leftists.

Command of counterinsurgency operations, previously in the hands of the ill-equipped and poorly trained police, has been assumed by the army. No army units are in action as yet, but 100 rangers have been sent to east-central Peru for eventual commitment against the insurgents.

With the army in command, the effectiveness of the government's counterinsurgency operations should improve. However, its capability would be taxed if guerrilla activity spreads to other areas. (The MIR already has plans to begin operations in the Cusco area of southern Peru later this month)

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Ecuador: Demonstrations planned for 9 July may present the governing junta with its most serious challenge since assuming power.

A coalition of political parties, the National Patriotic Junta (JPN), is proceeding with plans to stage nationwide antigovernment demonstrations. Financed by former president Ponce, who favors insurrection, this movement has attracted broad support, especially in Guayaquil which is still restive after the failure of the strike by merchants last May. Ousted president Arosemena is deeply involved, and demagogic ex-president Velasco Ibarra has threatened to return from exile to exploit the occasion. Junta surveillance, however, will probably prevent his return.

The governing junta has banned all demonstrations, arrested JPN leaders, and sent additional troops to Guayaquil to aid local authorities in maintaining order. Despite a minor rebellion over poor living conditions by a frontier garrison last week, the armed forces probably will remain loyal to the government as they did in May.

The junta is expected to meet this latest challenge to its authority, but at the least a turbulent week end appears likely.

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Japan: Prime Minister Sato has satisfactorily weathered the first popular test of his leadership.

According to as yet unofficial returns from the upper house elections held on 4 July, Sato's Liberal Democratic Party (LDP) has retained its majority despite a loss of four seats. Japanese political observers had expected the LDP to lose at least this many because in previous elections it had for technical reasons won more seats than its vote statistically warranted.

The major opposition party, the Socialists, gained eight seats which is not enough to suggest a significant shift of public opinion in favor of the Socialists. Komeito (Clean Government Party), the political action arm of the Soka Gakkai religious sect, continued its rise with a gain of seven seats. For the first time, however, it failed to elect all its candidates, thus damaging its reputation of invincibility at the polls. The Communist Party's gain of one seat was not unexpected.

The principal loser was the Democratic Socialist Party, which has been unable to attract popular support for its moderate leftist program.

Specific issues such as Vietnam and the settlement with South Korea apparently did not greatly influence the results. General concern over rising prices and apprehension over a possible economic decline probably produced many protest votes.

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NOTES

Malaysia: [The entire Chinese population of 5,000 in an area in Sarawak where local Chinese Communists recently collaborated with Indonesian guerrillas is being moved to government-controlled settlements. Malaysian officials estimate that 85 percent of the Chinese in the area are disaffected or unsympathetic to the government. The severity of the government's action shows the depth of its concern over the possibility of Chinese Communist insurgency in Malaysian Borneo.]

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Congo: [Papers taken from the bodies of two "foreigners" killed by government forces in recent fighting north of Albertville indicate that they were Cubans. These are the first Cubans known to have been engaged in the fighting alongside the Congolese rebels. Some of the 40 Cuban military advisers who arrived in Tanzania in mid-May have been reported at Congolese rebel training camps both in Tanzania and in eastern Congo.]

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